

**Manchester City Council
Report for Information**

Report to: Health Scrutiny Committee – 26 May 2016

Subject: Manchester Clinical Commissioning Groups' finances

Report of: Joanne Newton, Chief Finance Officer – North, Central, and South Manchester Clinical Commissioning Groups

Summary

This report provides Members of the Committee with an overview of Clinical Commissioning Groups finances.

Recommendations

The Health Scrutiny Committee is asked to note the contents of this report.

Wards Affected: All

Contact Officers:

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

1. Introduction

1.1 This paper provides an overview of the finances of North, South and Central Manchester Clinical Commissioning Groups (CCGs). The aim of the paper is to inform Committee members of the financial environment CCGs are working within. It explains:

- the income of each CCG for 2016/17
- how the income is being spent during this financial year
- allocations for the years 2016/17 to 2017/20
- The development of a locality financial plan

2. 2016/17 Income

2.1 The majority of CCG income is received directly from NHS England in the form of allocations. Funding is based upon a formula which is weighted based upon different health needs within populations and in particular takes into account, population growth, deprivation and the impact of an ageing population. However, CCGs do not necessarily receive their 'target allocation'. This is due to historical reasons and to rectify the situation immediately would be too costly and too disruptive to CCGs which are currently 'over-funded'.

2.2 The table below shows funding received by Manchester CCGs in 2016/17 and in addition shows the percentage difference that each CCG is away from their target allocation.

| Allocations | 2016-17 | | | | | |
|-------------------------------|------------------------|-------|----------------------|-------|----------------------|-------|
| | Central Manchester CCG | | North Manchester CCG | | South Manchester CCG | |
| | £000's | % | £000's | % | £000's | % |
| Opening distance from target | | -4.30 | | -9.40 | | +3.90 |
| Opening allocation | 245628 | | 257618 | | 227059 | |
| Growth | 8951 | 3.65 | 22969 | 8.92 | 6923 | 3.05 |
| Other | | | 137 | | 100 | |
| Total programme allocation | 254579 | | 280724 | | 234082 | |
| Running costs | 4469 | | 4122 | | 3651 | |
| B/f surplus/deficit | 3356 | | 6069 | | 3143 | |
| Total Funding available 16/17 | 262405 | | 290915 | | 240876 | |
| Closing distance from target | | -4.30 | | -5.00 | | +3.10 |

From 1st April 2016, Each of the three CCGs have taken the decision to be a level 3 co-commissioner of primary care, and the table below details the allocations the CCG has received to managed this revised responsibility.

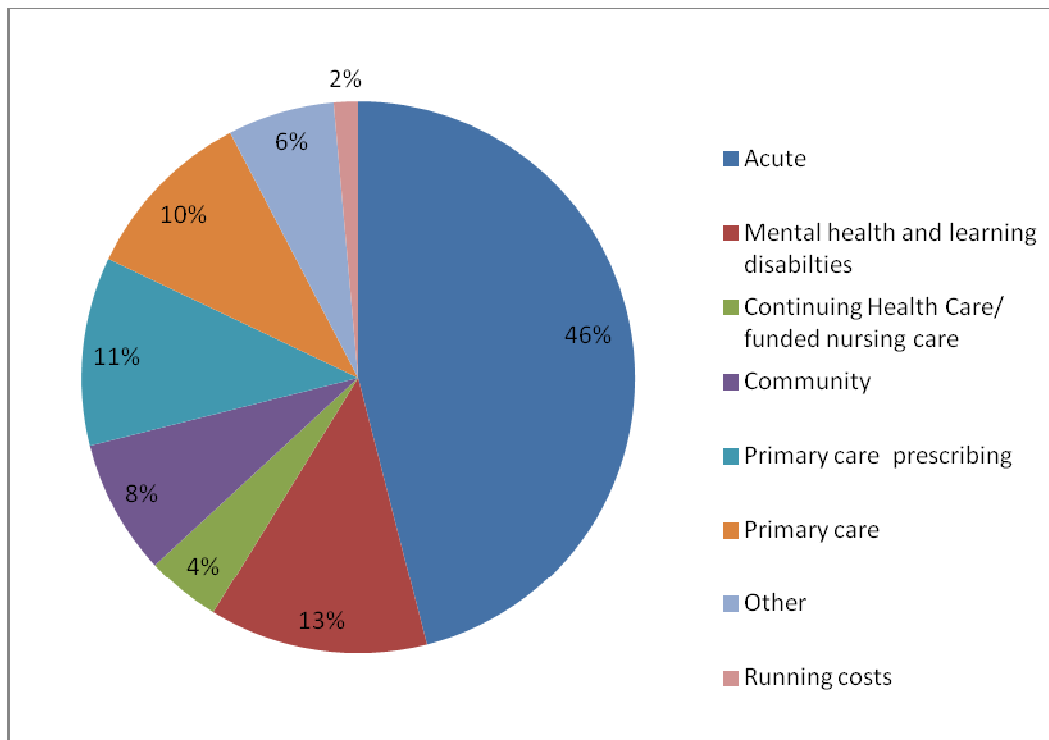
| Allocations | 2016-17 | | | | | |
|------------------------------|------------------------|-------------|----------------------|-------------|----------------------|-------------|
| | Central Manchester CCG | | North Manchester CCG | | South Manchester CCG | |
| | £000's | % | £000's | % | £000's | % |
| Distance from target | | - 14.50% | | - 12.10% | | - 11.50% |
| Opening allocation | 26,50 | | 28,05 | | 20,81 | |
| Growth | 8 1984 | 7.50% | 4 1,426 | 5.10% | 0 952 | 4.60% |
| Total funding | 28,49 2 | | 29,48 0 | | 21,76 2 | |
| Closing distance from target | | - 11.50% | | - 11.00% | | - 11.00% |

3. Expenditure

3.1 The table below summarise opening expenditure plans for the three CCGS.

| | Central £000'k | North £000's | South £000's | Total £000's |
|---|-------------------|-----------------|-----------------|-----------------|
| CCG expenditure | | | | |
| Acute | 133,15 4 | 141,07 5 | 122,63 5 | 396,86 4 |
| Mental health | 39,664 | 34,431 | 29,015 | 103,11 0 |
| Learning Difficulties | 4,210 | 1,313 | 1,700 | 7,223 |
| Continuing Health Care/ funded nursing care | 9,507 | 10,013 | 18,051 | 37,571 |
| Community Prescribing | 22,897 | 25,366 | 20,050 | 68,313 |
| Primary care CCG | 29,477 | 35,942 | 29,697 | 95,116 |
| Other | 3,054 | 2,669 | 3,129 | 8,852 |
| Running costs reserves | 10,602 | 11,211 | 8,438 | 30,251 |
| QIPP | 4,469 | 4,122 | 3,651 | 12,242 |
| | 8,348 | 20,705 | 8,000 | 37,053 |
| | -5,600 | -2,000 | -5,900 | -13,500 |
| Planned Surplus | 2,624 | 6,069 | 2,410 | 11,103 |
| Total CCG | 262,40 5 | 290,91 5 | 240,87 6 | 794,19 6 |
| | | | | |
| Primary care Co-commissioning | 28,492 | 29,480 | 21,762 | 79,734 |

3.2 The pie chart below summarises this across the city.



3.2 For acute hospital care, the majority of services are commissioned and paid for on the basis of a list of tariffs which are set nationally. This tariff applies to both services provided by NHS providers and private providers. For other services, prices are subject to local negotiation.

3.3 Other NHS services not included above are commissioned by other partners, predominately NHS England. The table below details these and provides an indication of current spend.

| | £000's | Current Commissioner |
|---------------------|---------|----------------------|
| Specialist services | 229,675 | NHS England |
| Public health | 54596 | Local Authority |

4.0 Pool budget arrangements with Manchester City Council

4.1 The three CCGS in Manchester have agreed to extend pool budget arrangements with Manchester City Council in 2016/17 beyond that required to support the Better Care Fund to support integrated care plans.

4.2 The Table below summarises these plans

| Service Description | CCGs £'000 | Council £'000 | Total £'000 |
|---|-----------------------|--------------------------|------------------------|
| Adult NHS Community Health and Adult Social Care (including NHS Social Care and Care Act funding) | 57,842 | 6,004 | 63,846 |
| Community Assessment and Support | 10,869 | 2,124 | 12,993 |
| Non-elective risk reserve | 3,248 | | 3,248 |
| Sub-total | 71,959 | 8,128 | 80,087 |
| Social care transfer | -12,430 | 12,430 | 0 |
| Care act transfer | -1,451 | 1,451 | 0 |
| Disabled Facilities Capital grant | | 5,746 | 5,746 |
| Total pooled fund | 58,078 | 27,755 | 85,833 |

5. Allocations for the years 2016/17 to 2017/20

5.1 In December 2015, firm allocation figures for the period 2016/17 to 2018/19 and indicative allocations for 2019/20 to 2020/21 were announced. Growth figures for future years for CCG allocations are included in the tables below.

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Central and South Manchester CCGS | 2.00% | 2.00% | 2.10% | 3.70% |
| North Manchester CCG | 2.20% | 2.40% | 2.60% | 4.40% |

5.2 Whilst this level of growth is welcomed it will not be sufficient to fund demographic and non-demographic growth and other pressures and efficiency plans will need to be developed. To support this the CCGs are using “right care information” to identify spend where benchmarking information indicates further efficiencies can be identified.

Allocation increases for primary care medical services are above these levels, being on average 9% in 2017/18 and 3.4% in future years to take account of the relative distance from target for these services.

5.3 Strategic financial plans for the planning period have been developed for each of the CCGs in Manchester and these take into account;

- The requirements of the NHS constitution
- The requirements included in NHS planning guidance i.e. “The NHS forward view”
- Local population needs
- Anticipated growth in services due to local demographics

These plans show a required efficiency target for the three Manchester CCGS of £26m by April 2020.

5.4 These plans, along with those of the City Council and the main provider organisations, are being used to develop a Locality plan for the City of Manchester.

5. Recommendations

5.1 The Health Scrutiny Committee is asked to note this report.